



STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING

JENNIFER M. GRANHOLM
GOVERNOR



MICHIGAN IV-D ACTION TRANSMITTAL 2007-008

TO: All Office of Child Support (OCS) Staff
All Friend of the Court (FOC) Staff
All Prosecuting Attorney (PA) Staff

FROM: Marilyn F. Stephen, Director
Office of Child Support

DATE: February 9, 2007

SUBJECT: Summary of the Michigan Arrears Collection Special (MACS) Project

PURPOSE:

This Action Transmittal (AT) summarizes the MACS Project and its final collections, costs and benefits.

BACKGROUND:

The MACS Project was an initiative identified by the Program Leadership Group (PLG). The goals of the project were:

- To relieve Michigan families and parents from the burden of an oftentimes uncollectible state debt that accrued for children who are now graduated from high school, emancipated or at least 19.5 years old; and
- To generate additional state revenue.

Public Act 147 of 2005, Section 902 (1) authorized funding in the amount of \$17.8 million to fix and improve the Michigan Child Support Enforcement System (MiCSES). This appropriation assumed the collection of \$6.1 million¹ in new restricted funds from the MACS Project and federal matching funds of \$11.7 million.

A workgroup comprised of six FOC staff, the State Court Administrative Office (SCAO), OCS and Michigan State Disbursement Unit (MiSDU) representatives, the Special Initiatives Unit (SIU), and the Case Management Work Improvement Team (CM-WIT) contributed to developing the MACS Project procedures and policy.

¹ This is the state share of the arrearage funds.

MACS PROJECT SUMMARY:

The MACS Project targeted non-custodial parents (NCPs) who owed arrears to the State of Michigan for the reimbursement of Temporary Assistance for Needy Families (TANF) funds² that were paid to custodial parties (CPs). In the cases targeted, there was no currently charging child support on the cases. The child support program offered a special incentive to NCPs who owed at least \$100 in qualifying state-owed arrears.³ OCS staff contacted these NCPs and offered to waive 75 percent of their qualifying state-owed arrears if they agreed to pay, in a single lump sum, 25 percent of their qualifying arrears. In addition, NCPs had to pay 100 percent of any:

- Arrears owed to a CP and/or another state;
- Non-qualifying state-owed arrears that were for genetic test expenses, foster care reimbursement, recovery accounts established for misapplied payments, returned payments, and tax adjustments owed to the State of Michigan; and
- Arrears owed to the FOC.

Finally, the NCP must have made a payment on the qualifying case within the last two years, and (s)he must have had a valid address in MiCSES. At the FOC's discretion, NCPs who did not initially qualify could ask FOC staff for an evaluation regarding inclusion in the initiative.

SCAO staff issued an administrative memorandum to inform the courts of this initiative.⁴

OCS staff supplied the FOCs with a Microsoft® Excel spreadsheet that contained a list of all eligible NCPs within their county. OCS staff supplied the MiSDU and SIU with an Excel spreadsheet of all eligible payers in Michigan.⁵

MiSDU staff flagged the dockets of the eligible NCPs prior to the start of the project. This flag helped to ensure that the MiSDU applied the NCPs' payments toward the MACS Project.

Eligibility Period and NCP Notification

This offer was originally available during a 90-day period beginning February 1, 2006, through April 30, 2006. Due to the numerous inquiries received within the last two weeks of the project, along with the desire to meet the financial goal, OCS changed the program end-date to Friday, June 16, 2006. The MiSDU received collections through June 30, 2006.

² This included benefits paid under the Aid to Families with Dependent Children (AFDC) program.

³ Qualifying state-owed arrears are child support, child care, payee bonus and spousal support.

⁴ Ref: SCAO Administrative Memorandum 2006-01, *Child Support Arrears Special Collection Project* at: <http://courts.michigan.gov/scao/resources/other/proc.htm#2006>.

⁵ The final query for this project was run on January 4, 2006, after surcharge and fifth cycle central financials updated the unreimbursed public assistance (UPA), also known as the unreimbursed grant (URG) in MiCSES.

OCS staff notified all eligible NCPs by mailing them a MACS Agreement (Agreement) that included the arrearage amounts they owed, as shown in MiCSES. OCS sent Agreements to 25,188 NCPs in three staggered, first-class mailings.⁶ In addition to the Agreement, NCPs received an addressed, postage-paid envelope that they could use to return the signed Agreement and payment to the MiSDU.⁷

When OCS extended the MACS Project, OCS staff notified the eligible NCPs by sending 23,049 *MACS Extension Letters* by first-class mail on May 10, 2006.⁸

FOCs Working MACS Receipts in Unidentified (UNID)

FOC staff completed the *Request for Central Receipt Adjustment/Suspense Work Form* (DHS-307) for the MACS money receipted as UNID in MiCSES.⁹ OCS staff sent FOC staff a spreadsheet of MACS monies in UNID on a biweekly basis. The spreadsheet was distributed by county to the FOC's GroupWise confidential email address.

FOC staff adjusted the surcharge, statutory fees and processing fees charged on July 1, 2006, if the NCP signed the Agreement by June 16, 2006, and paid the full payment amount by June 30, 2006.

MACS PROJECT RESULTS:

Collections

A total of 2,544 NCPs returned a signed Agreement with a payment to the MiSDU. Of those NCPs, 624 paid off their permanently assigned arrears (PAA) balance to zero. The following are approximate collection amounts for the 2,544 NCPs who signed an Agreement and sent in a payment:

Paid to families	\$1.4 million
Paid to State of Michigan for TANF Reimbursements	\$5.9 million
Paid to State of Michigan for non-qualifying arrears	\$1.2 million
Paid to FOCs for fees	\$995,000
Total received	\$9.59 million

The MACS Project collected \$5.9 million in TANF reimbursements, of which the state share is \$2.57 million.

⁶ Staggered mailing dates were January 20, 23 and 27, 2006.

⁷ NCPs mailed the signed Agreement and the payment to a different post-office box than normal MiSDU payments.

⁸ OCS did not send an extension letter to NCPs who already returned an Agreement with a payment.

⁹ Ref: Frequently Asked Question (FAQ) 1069 at:

<http://mi-support.cses.state.mi.us/faq/default.aspx?FAQ=1069> and FAQ 1077 at:

<http://mi-support.cses.state.mi.us/FAQ/?FAQ=1077>.

Program Funding

The MACS Project provided the FOCs with \$995,000 in additional revenue that when matched with federal funds, provides a total of \$2.9 million in additional funding at the local level. The TANF recoveries of \$2.57 million, when matched with federal funds, provide a total of \$7.6 million. These funds will be used for MiCSES fixes.

Costs

The estimated total cost for the MACS project is \$584,259. This estimate is based on the following detailed costs:

	Personnel ¹⁰	Printing/Mailing	MiSDU Staff	MiCSES Staff
Total	\$525,732	\$22,515	\$18,512	\$17,500

Benefits

There are a number of benefits that the MACS Project produced:

- Increased payments to families on arrears-only cases;
- Increased payments to the state, specially designated to pay for MiCSES fixes;
- Increased payments to the counties for fees;
- Decreased caseload for the counties due to a reduction in old, hard-to-collect cases; and
- A potential increase in incentives for counties that had a high percentage of NCPs participate in the project.

LEGAL REFERENCES:

Federal
None

State
Public Act 147 of 2005

POLICY REFERENCES:

AT 2006-001, *Michigan Arrears Collection Special (MACS) Project*

SCAO Administrative Memorandum 2006-01, *Child Support Arrears Special Collection Project*

Office of Child Support Enforcement (OCSE) Policy Interpretation Question (PIQ) 00-03, *State IV-D*

¹⁰ The central IV-D worker costs are estimated at \$43 per hour, and the local IV-D worker costs at \$27 per hour. These hourly rates include benefits.

Program Flexibility with Respect to Low Income Obligor -- Imputing Income; Setting Child Support Orders and Retroactive Support; Compromising Arrearages; Referral to Work-Related Programs and Other Non-traditional Approaches to Securing Support

OCSE PIQ 05-01, Reduction of the Unreimbursed Assistance Balance (URA) when Permanently-Assigned Arrearages are Compromised

AT MAINTENANCE: AT 2006-001 will be obsoleted in June 2007.

EFFECTIVE DATE: Upon receipt.

REVIEW PARTICIPANTS: PLG
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ATTACHMENTS: Attachment 1: *Michigan Arrears Collection Special (MACS) Project Executive Summary*

CC: None

MFS/CK/JM